FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2013-01-14** | Period of Report: **2012-11-30**
SEC Accession No. 0001193125-13-011976

(HTML Version on secdatabase.com)

FILER

MEADE INSTRUMENTS CORP

CIK:**1032067**| IRS No.: **952988062** | State of Incorp.:**DE** | Fiscal Year End: **0228**
Type: **10-Q** | Act: **34** | File No.: **000-22183** | Film No.: **13528265**
SIC: **3827** Optical instruments & lenses

Mailing Address
27 HUBBLE
IRVINE CA 92618

Business Address
27 HUBBLE
IRVINE CA 92618
949 451 1450

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended November 30, 2012

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 0-22183

MEADE INSTRUMENTS CORP.

(Exact name of registrant as specified in its charter)

Delaware	95-2988062
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

27 Hubble
Irvine, California
92618
(Address of principal executive offices)
(Zip Code)

(949) 451-1450
(Registrant' s telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $0.01 par value	NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. **Yes** ☒ **No** ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). **Yes** ☒ **No** ☐

Indicate by check mark whether the registrant is a large accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Securities Exchange Act of 1934.

Large Accelerated Filer ☐	**Accelerated Filer** ☐
Non-Accelerated Filer ☐ **(Do not check if a smaller reporting company)**	**Smaller reporting company** ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). **Yes** ☐ **No** ☒

As of January 11, 2013, there were 1,306,017 outstanding shares of the Registrant' s common stock issued, par value $0.01 per share.

Table of Contents

TABLE OF CONTENTS

Table of Contents

ITEM 1. FINANCIAL STATEMENTS.

MEADE INSTRUMENTS CORP.

CONSOLIDATED BALANCE SHEETS

(In thousands, except per share data)

(Unaudited)

	November 30, 2012	February 29, 2012
ASSETS		
Current assets:		
Cash	$ 282	$ 3,904
Accounts receivable, less allowance for doubtful accounts of $65 at November 30, 2012 and $139 at February 29, 2012	3,347	1,668
Inventories	8,361	6,633
Prepaid expenses and other current assets	419	208
Total current assets	12,409	12,413
Property and equipment, net	223	170
Intangible assets, net	576	705
Other assets, net	105	105
	$ 13,313	$ 13,393
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Credit facility	$ 702	$ –
Accounts payable	3,340	1,498
Accrued liabilities	1,749	1,686
Total current liabilities	5,791	3,184
Deferred rent	19	25
Commitments and contingencies		
Stockholders' equity:		
Common Stock; $0.01 par value; 2,500 shares authorized; 1,173 shares issued and outstanding at November 30, 2012 and 1,167 shares issued and outstanding at February 29, 2012	12	12
Additional paid-in capital	52,722	52,670
Accumulated deficit	(45,231)	(42,498)
Total Stockholders' equity	7,503	10,184
	$ 13,313	$ 13,393

See accompanying notes to consolidated financial statements

Table of Contents

MEADE INSTRUMENTS CORP.

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, expect per share data)

(Unaudited)

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2012	**2011**	**2012**	**2011**
Net sales	$5,692	$7,240	$13,780	$17,553
Cost of sales	5,338	5,682	12,015	13,256
Gross profit	354	1,558	1,765	4,297
Selling expenses	568	730	1,344	1,773
General and administrative expenses	864	846	2,663	2,611
Research and development expenses	237	218	770	635
Release of warranty liability	–	–	(294)	–
Operating loss	(1,315)	(236)	(2,718)	(722)
Interest expense (income)	15	(1)	15	(3)
Loss before income taxes	(1,330)	(235)	(2,733)	(719)
Income tax expense (benefit)	–	14	–	29
Net loss	$(1,330)	$(249)	$(2,733)	$(748)
Net loss per share–basic and diluted	$(1.13)	$(0.21)	$(2.34)	$(0.64)
Weighted average common shares outstanding–basic and diluted	1,173	1,167	1,170	1,167

See accompanying notes to consolidated financial statements

MEADE INSTRUMENTS CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

	Nine Months Ended November 30,	
	2012	**2011**
Cash flows from operating activities:		
Net loss	$(2,733)	(748)
Adjustments to reconcile loss from continuing operations to net cash used in operating activities:		
Release of warranty liability	(294)	–
Depreciation and amortization	203	254
Bad debt (recovery) expense	(75)	66
Stock-based compensation	52	89
Deferred rent amortization	(6)	–
Gain on sale of fixed assets	(5)	–
Changes in assets and liabilities:		
Accounts receivable	(1,604)	(2,879)
Inventories	(1,728)	(1,363)
Prepaid expenses and other current assets	(219)	13
Accounts payable	1,842	1,093
Accrued liabilities	361	(323)
Net cash used in operating activities	(4,206)	(3,798)
Cash flows from investing activities:		
Capital expenditures	(123)	(31)
Proceeds from sale of fixed assets	5	–
Net cash used in investing activities	(118)	(31)
Cash flows from financing activities		
Net advances on credit facility	702	–
Net cash provided by financing activities	702	–
Net decrease in cash	(3,622)	(3,829)
Cash at beginning of period	3,904	5,076
Cash at end of period	$282	1,247
Supplemental Cash Flow Information:		
Cash paid for interest on bank borrowings	15	–
Cash paid for income tax	45	35

See accompanying notes to consolidated financial statements

MEADE INSTRUMENTS CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

A. The Consolidated Financial Statements Have Been Prepared by the Company and are Unaudited.

Meade Instruments Corp. (the “Company”) is engaged in the design, manufacture, marketing and sale of consumer products, primarily telescopes, telescope accessories and binoculars. The Company designs its products in-house or with the assistance of external consultants. Most of the entry level products are manufactured overseas by contract manufacturers in Asia, while the high-end telescopes are manufactured and assembled at the Company’ s Mexico facility. Sales of the Company’ s products are driven by an in-house sales force as well as a network of sales representatives throughout the U.S. and through distributors internationally. The Company currently operates out of two primary locations: Irvine, California and Tijuana, Mexico. The California facility serves as the Company’ s corporate headquarters, research and development facility; the Mexico facility contains the Company’ s manufacturing, assembly, repair, packaging, distribution and other general and administrative functions.

In the opinion of the management of the Company, the information and amounts furnished in this report reflect all adjustments (consisting of normal recurring adjustments) considered necessary for the fair statement of the financial position and results of operations for the interim periods presented. These financial statements should be read in conjunction with the Company’ s Annual Report on Form 10-K for the fiscal year ended February 29, 2012.

The Company has experienced, and expects to continue to experience, substantial fluctuations in its sales, gross margins and results from operations from quarter to quarter. Factors that influence these fluctuations include the volume and timing of orders received, changes in the mix of products sold, market acceptance of the Company’ s products, competitive pricing pressures, the Company’ s ability to meet fluctuating demand and delivery schedules, the timing and extent of research and development expenses, the timing and extent of product development costs and the timing and extent of advertising expenditures.

The Company’ s financial statements have been prepared under the assumption that the Company will continue as a going concern. However, Management believes that substantial doubt exists about the Company’ s ability to continue as a going concern due to the Company’ s recurring losses and its weakened financial position and reduced liquidity, and management is considering various measures as described in Note B. below.

B. Liquidity

The Company has incurred significant recurring losses and negative cash flows from operations which have resulted in reduced liquidity and a weakened financial position as of November 30, 2012. The Company also has endured working capital problems caused by product development delays during the past twelve months. In addition, in January 2013, the Company’ s largest customer, and one additional customer, notified the Company that they had unilaterally, and without prior notice, decided to indefinitely hold payment of approximately $0.6 million in accounts receivable, which will further reduce the Company’ s already limited liquidity. Due to these issues, the Company’ s management now believes substantial doubt exists about the Company’ s ability to continue as a going concern and that it must modify the Company’ s business model and operations to reduce spending to a sustainable level. Such actions could cause the Company to be unable to execute its business plan, take advantage of future opportunities, respond to competitive pressures or customer requirements. It may also cause the Company to delay, scale back or eliminate some or all of its research and development programs, seek opportunities in a strategic relationship or business combination, or to reduce or cease operations.

At November 30, 2012, the Company had cash of $0.3 million, compared to $3.9 million at February 29, 2012 and $1.2 million at November 30, 2011.

Net cash used in operating activities was approximately $4.2 million during the nine months ended November 30, 2012 and $3.8 million during the nine months ended November 30, 2011, an increase in net cash used of approximately $0.4 million compared to the prior year. This increase in net cash used in operating activities was attributed to the increase in the Company’ s net loss of approximately $2.0 million from a loss of approximately $0.7 million during the nine months ended November 30, 2011 compared to a loss of approximately $2.7 million during the nine months ended November 30, 2012, offset by favorable net fluctuations in working capital. Approximately $1.1 million or 65% of the net increase in inventories of approximately $1.7 million during the nine months ended November 30, 2012 was due to an increase in inventories relating to the Company' s new LX800 and LX600 products which have taken longer to develop than expected and are not yet ready to be shipped.

The Company typically experiences increases in accounts receivable and inventories and a corresponding decrease in cash beginning with the end of its first fiscal quarter and culminating with the end of its third fiscal quarter. Receivables and inventories then typically decrease, and cash increases, at the end of the Company' s fiscal year. The Company began making advances on its credit facility in September 2012 in order to meet its working capital requirements and continued to do so through the filing of this Form 10-Q. In addition, the Company has incurred substantial operating losses during the nine months ended November 30, 2012.

MEADE INSTRUMENTS CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Unaudited)

At November 30, 2012, the Company had in place a secured credit facility with FCC, LLC d/b/a First Capital Western Region, LLC (“First Capital”) and owed approximately $0.7 million as of November 30, 2012 on that facility. Availability of funds under that credit facility was based on a percentage of eligible accounts receivable and inventory and amounted to approximately $0.3 million as of November 30, 2012, in addition to the $0.7 million owed, and was based solely on accounts receivable as substantially all the Company’ s inventory was deemed ineligible due to most of it being located in Mexico.

In December 2012, the Company repaid the balance owed to First Capital, then amended and terminated its credit facility with First Capital and subsequently replaced it with a new financing agreement (“the Agreement”) with Rosenthal & Rosenthal, Inc. (“Rosenthal”). At the time the First Capital credit facility was replaced, both the Rosenthal and First Capital credit facilities allowed for a maximum of $3 million and were based solely upon advances on accounts receivable. As of the closing date of the financing arrangement, December 28, 2012, availability under the new credit facility was approximately $1.6 million. Rosenthal advanced to the Company the $1.6 million maximum available under the new credit facility subsequent to the closing of the Agreement.

While the Company’ s agreement with Rosenthal does not contain explicit financial covenants, the Agreement allows the Company’ s lender significant latitude to restrict, reduce or eliminate the Company’ s access to credit or require the Company to repay any and all amounts outstanding under the Agreement. If its lender restricts, reduces or eliminates the Company’ s access to credit, or requires immediate repayment of the amounts outstanding under the agreement, the Company would be required to pursue additional or alternative sources of liquidity such as equity financings, a new debt agreement with other creditors, seek strategic alternatives or liquidate assets. However, the Company cannot assure that any such additional sources of liquidity would be available on reasonable terms, if at all.

The initial term of the credit facility with Rosenthal is through November 30, 2015 and can be renewed thereafter. The credit facility can be terminated by the Company or Rosenthal with at least 60 days, but not more than 120 days, notice except in case of a default, in which case the Company’ s lender can terminate the Agreement at any time.

C. Stock Based Compensation

The Company accounts for stock-based compensation in accordance with the provisions of Accounting Standards Codification No. ASC 718-10, *Share-Based Payment* (“ASC 718-10”), which establishes accounting for equity instruments exchanged for employee services. Under the provisions of ASC 718-10, share-based compensation cost is measured at the grant date, based on the calculated fair value of the award, and is recognized as an expense over the employee’ s requisite service period (generally the vesting period of the equity grant). Share-based compensation expenses, included in general and administrative expenses in the Company’ s consolidated statement of operations for the nine months ended November 30, 2012 and 2011, were approximately $52 thousand and $89 thousand, respectively. Due to deferred tax valuation allowances provided, no net benefit was recorded against the share-based compensation charged.

The Company estimates the fair value of restricted stock awards using the closing price on the grant date. The Company estimates the fair value of stock options using the Black-Scholes valuation model. Key input assumptions used to estimate the fair value of stock options include the expected option term, forfeiture rate, the expected volatility of the Company’ s stock over the option’ s expected term, the risk-free interest rate over the option’ s expected term, and the Company’ s expected annual dividend yield. The Company believes that the valuation technique and the approach utilized to develop underlying assumptions are appropriate in calculating the fair values of the Company’ s stock options. Estimates of fair value are not intended to predict actual future events or the value ultimately realized by persons who receive equity awards.

MEADE INSTRUMENTS CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Unaudited)

The fair value of the Company' s stock options granted in the nine months ended November 30, 2012 and 2011, respectively, was estimated on the grant date using the Black-Scholes option-pricing model with the following assumptions:

	November 30, 2012		November 30, 2011	
Expected life (1)	6.0		5.8	
Expected volatility (2)	165	%	168	%
Risk-free interest rate (3)	0.8	%	1.1	%
Expected dividends	None		None	

(1) The option term is expressed in years and was determined using the simplified method for estimating expected option life.
(2) The stock volatility for each grant is measured using the weighted average of historical daily price changes of the Company' s common stock over the most recent period equal to the expected option life of the grant, adjusted for activity which is not expected to occur in the future.
(3) The risk-free interest rate for periods equal to the expected term of the share option is based on the U.S. Treasury yield curve in effect at the time of grant.

On June 29, 2011, each of the Company' s executive officers, Steven Murdock and John Elwood, (the "Executive Officers") was granted a restricted stock award (an "Award") pursuant to the Company' s form of Restricted Stock Agreement under the Company' s 2008 Stock Incentive Plan. The Awards to Mr. Murdock and Mr. Elwood were in the amounts of 37,500 shares of Common Stock and 25,000 shares of Common Stock, respectively. Each Award vests in ten equal installments with the first installment vesting on June 29, 2012 and the remainder vesting on each of the next nine consecutive anniversaries; provided, however, if the Company subsequently achieves net income for any fiscal year of the Company (but excluding the Company' s fiscal years 2019, 2020 and 2021), as shown on the Company' s audited consolidated financial statements for such fiscal year, the vesting of the Award shall accelerate such that the number of shares of the Award which are unvested at the end of such fiscal year shall vest in three substantially equal installments over the then next three consecutive anniversaries of the date of the Award.

On August 10, 2012, each of the Company' s U.S. employees, including the Executive Officers, were granted restricted stock awards (the "Awards") pursuant to the Company' s form of Restricted Stock Agreement under the Company' s 2008 Stock Incentive Plan. The Awards were in the aggregate amount of 76,250 shares of Common Stock. Each award vests in three equal installments with the first installment vesting on August 10, 2013 and the remainder vesting on each of the two succeeding anniversaries.

D. Composition of Certain Balance Sheet Accounts

The composition of accounts receivable, net of reserves, is as follows:

	November 30, 2012	February 29, 2012
	(In thousands)	
Due from factor	$ 3,163	$ 1,183
Accounts receivable, other	184	485
	$ 3,347	$ 1,668

Substantially all of the credit risk associated with the assigned invoices remained with the Company as of November 30, 2012. Accounts receivable, other includes reserves for subsequent sales return and allowances for bad debt−including reserves associated with certain invoices assigned to the factor. Approximately $0.7 million was outstanding on the Company' s credit facility, and therefore owed to the Company' s factor, as of November 30, 2012; no amount was owed at February 29, 2012.

MEADE INSTRUMENTS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Unaudited)

The composition of inventories is as follows:

	November 30, 2012	February 29, 2012
	(In thousands)	
Raw materials	$ 2,750	$ 1,419
Work in process	2,805	2,424
Finished goods	2,806	2,790
	$ 8,361	$ 6,633

Intangible assets were a result of an acquisition of substantially all of the assets and assumption of substantially all of the liabilities of Coronado Technology Group, LLC that occurred on December 1, 2004 and are as follows:

		November 30, 2012			February 29, 2012		
	Amortization Periods (In Years)	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Gross Carrying Amount	Accumulated Amortization	Net book Value
				(In thousands)			
Trademarks	7-15	$424	$ (388)	$ 36	$424	$ (361)	$ 63
Completed technologies	12	1,620	(1,080)	540	1,620	(978)	642
Total		$2,044	$ (1,468)	$ 576	$2,044	$ (1,339)	$ 705

The changes in the carrying amount of acquisition-related intangible assets for the three months ended November 30, 2012, are as follows:

	Amortizing Intangible Assets
	(In thousands)
Balance, net, February 29, 2012	$ 705
Amortization	(129)
Balance, net, November 30, 2012	$ 576

Amortization of acquisition-related intangible assets over the next five fiscal years is estimated as follows:

Fiscal Year	(In thousands)
2013 (remaining three months)	$ 42
2014	162
2015	135
2016	135
2017	102
Total	$ 576

MEADE INSTRUMENTS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Unaudited)

The composition of property and equipment is as follows:

	November 30, 2012	February 29, 2012
	(In thousands)	
Molds and dies	$ 1,317	$ 1,234
Machinery and equipment	4,520	4,507
Furniture and fixtures	251	251
Autos and trucks	126	199
Leasehold improvements	138	138
	6,352	6,329
Less accumulated depreciation and amortization	(6,129)	(6,159)
	$ 223	$ 170

Since certain of the Company' s machinery and equipment is old and fully depreciated, it is possible that certain of the Company' s machinery and equipment could require replacement in the near future. Given the Company' s weakened financial position and limited liquidity, the Company may not be able to pay for or finance a replacement for such equipment and therefore may be forced to reduce or cease operations until it is able to replace any necessary equipment.

E. Commitments and Contingencies

The Company is involved from time to time in litigation incidental to its business. Management believes that the outcome of such litigation will not have a material adverse effect on the financial position, results of operations or cash flows of the Company.

F. Loss Per Share

Basic loss per share amounts excludes the dilutive effect of potential shares of common stock. Basic loss per share is based upon the weighted-average number of shares of common stock outstanding. Diluted loss per share is based upon the weighted-average number of shares of common stock and dilutive potential shares of common stock outstanding for each period presented. Potential shares of common stock include outstanding stock options and restricted stock, which may be included in the weighted average number of shares of common stock under the treasury stock method.

The total number of options and restricted shares outstanding were as follows:

	November 30, 2012	February 29, 2012
	(In thousands)	
Stock options outstanding	77	77
Restricted shares outstanding	133	63

These amounts were excluded from the weighted-average number of shares of common stock outstanding, as including these items would be anti-dilutive due to the Company' s net loss.

G. Product Warranties

The Company provides reserves for the estimated cost of product warranty-related claims at the time of sale, and periodically adjusts the provision to reflect actual experience related to its standard product warranty programs and its extended warranty programs. The amount of warranty liability accrued reflects management' s best estimate of the expected future cost of honoring Company obligations under its warranty plans. Additionally, from time to time, specific warranty accruals may be made if unforeseen technical problems arise. Meade® brand products, principally telescopes and binoculars, are generally covered by a one-year limited warranty. Most of the Coronado® products have limited five-year warranties.

MEADE INSTRUMENTS CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Unaudited)

Included in the warranty accrual as of February 29, 2012, is $0.5 million related to the Company’ s former sport optics brands that were sold in 2008 and for which the Company agreed to retain certain warranty liabilities. In June 2012, the Company entered into an agreement with the owner of one of the Company’ s former sport optics brands which eliminated the Company’ s remaining liability of approximately $0.3 million for any future product warranty claims associated with that brand. The Company reduced its warranty accrual as of May 31, 2012 by $0.3 million accordingly.

Changes in the warranty liability, which is included as a component of accrued liabilities on the accompanying Consolidated Balance Sheets, were as follows:

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2012	2011	2012	2011
	(In thousands)			
Beginning balance	$ 411	$ 763	$ 736	$ 810
Release of warranty liability	–	–	(293)	–
Warranty accrual	50	91	161	190
Labor and material	(45)	(46)	(188)	(192)
Ending balance	$ 416	$ 808	$ 416	$ 808

H. Income Taxes

In accordance with ASC 740, *Accounting for Income Taxes*, the Company has determined that there was sufficient uncertainty surrounding the future realization of its deferred tax assets to warrant the recording of a full valuation allowance. The valuation allowance was recorded based upon the Company’ s determination that there was insufficient objective evidence, at this time, to recognize those assets for financial reporting purposes. For the period ended November 30, 2012, the Company has not changed its assessment regarding the recoverability of its deferred tax assets. Ultimate realization of the benefit of the deferred tax assets is dependent upon the Company generating sufficient taxable income in future periods, including periods prior to the expiration of certain underlying tax credits.

No provision for income taxes was recorded in the current or prior period presented due to the significance of the Company’ s net loss.

The tax years 2008 through 2011 remain open to examination by the major taxing jurisdictions to which the Company is subject. However, the amount of a net operating loss carryforward can be adjusted for federal tax purposes for the three years (four years for the major state jurisdictions in which the Company operates) after the net operating loss is utilized.

Unrecognized Tax Benefits

The Company is subject to income taxes in the United States and Mexico. Significant judgment is required in evaluating the Company’ s tax positions and determining its provision for income taxes. During the ordinary course of business, there are many transactions and calculations for which the ultimate tax determination is uncertain. The Company establishes reserves for tax-related uncertainties based on estimates of whether, and the extent to which, additional taxes will be due. These reserves are established when the Company believes that certain positions might be challenged despite a belief that its tax return positions are fully supportable. The Company adjusts these reserves in light of changing facts and circumstances, such as the outcome of income tax audits. The provision for income taxes includes the impact of reserve provisions and changes to reserves that are considered appropriate. Accruals for unrecognized tax benefits are provided for in accordance with the requirements of the prescribed authoritative guidance. At November 30, 2012 and February 29, 2012, there were no unrecognized tax benefits. Management does not anticipate that there will be a material change in the balance of unrecognized tax benefits within the next 12 months.

MEADE INSTRUMENTS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Unaudited)

The Company recognizes accrued interest and penalties related to uncertain tax positions in income tax expense. At November 30, 2012 and February 29, 2012, there were no accrued interest and penalties related to uncertain tax positions.

I. Subsequent Event

On December 28, 2012 (the "Closing Date"), the Company terminated its Amended and Restated Factoring and Security Agreement (the "First Capital Agreement") with FCC, LLC d/b/a First Capital Western Region, LLC ("First Capital"), and entered into a Financing Agreement (the "Rosenthal Agreement" or "Agreement") with Rosenthal and Rosenthal, Inc. ("Rosenthal").

Similar to the First Capital Agreement, the Rosenthal Agreement provides for a maximum credit facility of $3 million (the "Maximum Credit Facility").

The Agreement provides for advances of up to (i) seventy percent (70.0%) of the Net Amount of Eligible Receivables arising from sales made to customers located in the United States of America and Canada and (ii) 50% of the Net Amount of Eligible Receivables arising from sales made to customers outside the United States of America and Canada, provided that sales described in clause (ii) are subject to a credit insurance policy. In addition, any advances are reduced by reserves as Rosenthal may deem, in its sole discretion, to be necessary from time to time.

Advances under the Agreement incur interest at the greater of (i) the prime rate publicly announced in New York City by JPMorgan Chase Bank plus four percent and (ii) eight percent. A minimum of $3,000 per month in interest will be paid according to the Agreement.

A facility fee in the amount of 1% of the Maximum Credit Facility was paid to Rosenthal on the Closing Date and will be paid on each anniversary thereof. An administration fee of $1,000 per month is also payable during the Agreement.

The Agreement continues through November 30, 2015 and from year to year thereafter unless terminated by either party. The Company or Rosenthal can terminate the Agreement with at least 60 days, and not more than 120 days, written notice except in cases of a Default, at which time Rosenthal can terminate the Agreement at any time and the Company will pay to Rosenthal an amount equal to (a) three percent of the Maximum Credit Facility then in effect, if such termination occurs prior to the first anniversary of the Closing Date; (b) two percent of the Maximum Credit Facility then in effect, if such termination occurs on or after the first anniversary of the Closing Date but prior to the second anniversary of the Closing Date; and (c) one percent of the Maximum Credit Facility then in effect if such termination occurs on or after the second anniversary of the Closing Date.

No amount was owed to First Capital when the First Capital Agreement was terminated, and no termination fees were incurred as a result of the termination of the First Capital Agreement. Rosenthal advanced approximately $1.6 million to the Company subsequent to entering into the Agreement, which constituted the full amount of availability under the Agreement at that time.

ITEM 2. MANAGEMENT' S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes included in this Form 10-Q. This discussion may *contain forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements due to known and unknown risks, uncertainties and other factors, including those risks discussed in "Risk Factors" in the Company' s annual report on Form 10-K. Those risk factors expressly qualify all subsequent oral and written forward-looking statements attributable to us or persons acting on our behalf. We do not have any intention or obligation to update forward-looking statements included in this Form 10-Q after the date of this Form 10-Q, except as required by law.*

Overview of the Company

Meade Instruments Corp. is engaged in the design, manufacture, marketing and sale of consumer optics products, primarily telescopes, telescope accessories and binoculars. We design our products in-house or with the assistance of external consultants. Most of our entry level products are manufactured overseas by contract manufacturers in Asia, while our high-end telescopes are manufactured and assembled at our Mexico facility. Sales of our products are driven by an in-house sales force as well as a network of sales representatives throughout the U.S. and through distributors internationally. We currently operate out of two primary locations: Irvine, California and Tijuana, Mexico. Our California facility serves as the Company' s corporate headquarters, research and development facility and U.S. distribution center; our Mexico facility contains our manufacturing, assembly, repair, packaging, and other general and administrative functions. Our business is highly seasonal and our financial results have historically varied significantly on a quarter-by-quarter basis each year.

We believe that the Company holds valuable brand names and intellectual property that provide us with a competitive advantage in the marketplace. The Meade® brand name is ubiquitous in the consumer telescope market, while the Coronado® brand name represents a unique niche in the area of solar astronomy.

Critical Accounting Policies and Estimates

The preparation of financial statements and related disclosures in conformity with U.S. GAAP requires us to make judgments, assumptions and estimates that affect the amounts reported in the Condensed Consolidated Financial Statements and accompanying notes. Note 1 to our Consolidated Financial Statements in our Annual Report on Form 10-K for the fiscal year ended February 29, 2012 describes the significant accounting policies and methods used in the preparation of our Condensed Consolidated Financial Statements. Our critical accounting estimates, discussed in the Management' s Discussion and Analysis of Financial Condition and Results of Operations in Part II, Item 7 of our Annual Report on Form 10-K for the fiscal year ended February 29, 2012, include revenue recognition, estimates for allowances for doubtful accounts, inventories, property and equipment, intangible assets, accounting for income taxes, shipping and handling costs, advertising, research and development, loss per share, concentration of credit risk, fair value of financial instruments, use of estimates in preparation of consolidated financial statements, product warranties, and stock-based compensation. Such accounting policies and estimates require significant judgments and assumptions to be used in the preparation of our Consolidated Financial Statements and actual results could differ materially from the amounts reported based on variability in factors affecting these estimates.

Our management discusses the development and selection of our critical accounting policies and estimates with the Audit Committee of our Board of Directors at least annually. Our management also internally discusses the adoption of new accounting policies or changes to existing policies at interim dates, as it deems necessary or appropriate.

New Accounting Pronouncements

From time to time, the Financial Accounting Standards Board or other standards setting bodies issue new accounting pronouncements. Updates to the FASB Accounting Standards Codification are communicated through issuance of an Accounting

Standards Update. Unless otherwise discussed, we believe that the impact of recently issued guidance, whether adopted or to be adopted in the future, is not expected to have a material impact on our Consolidated Financial Statements upon adoption.

[Table of Contents](#)

Results of Operations

The Company' s business is seasonal. Historically, sales in the third quarter ending November 30th each year have been higher than sales achieved in each of the other three fiscal quarters. Thus, expenses and, to a greater extent, results from operations vary significantly by quarter. Therefore, caution is advised when appraising results for a period shorter than a full year, or when comparing any period other than to the same period of the previous year.

Three Months Ended November 30, 2012 Compared to Three Months Ended November 30, 2011

The Company reported net sales of $5.7 million for the quarter ended November 30, 2012, a decrease of $1.5 million or 21% compared to net sales of $7.2 million in the same period in the prior year. This decrease in net sales was generally attributable to a reduction in net sales of low-end telescopes, spotting scopes and microscopes which was due to increased competition from the Company' s Chinese-owned competitors and a reduction in the amount of demand for the products by consumers.

Gross profit during the three months ended November 30, 2012 was $0.3 million or 6.2% of net sales, a decrease of $1.2 million or 78% compared to gross profit of $1.6 million or 21.5% of net sales during the three months ended November 30, 2011. The decrease in gross profit was principally due to the decrease in net sales and the fact that relatively fixed manufacturing overhead costs represented a larger percentage of net sales.

Selling expenses for the third quarter ended November 30, 2012 were $0.6 million, compared to $0.7 million during the same quarter in the prior year. Selling expenses were consistent, at 10%, as a percentage of net sales during each of the fiscal quarters ended November 30, 2012 and 2011.

General and administrative expenses for the third quarter ended November 30, 2012 were $0.9 million or 15% of net sales compared to $0.8 million or 12% of net sales in the same quarter in the prior year. The increase in general and administrative expenses relative to the prior year was mainly due to higher professional fees. The Company' s general and administrative expenses are more fixed than selling expenses; as a result, such expenses do not typically decrease as much as selling expenses do when net sales decline and are therefore higher as a percentage of net sales than the prior year.

Research and development expenses in the third quarter ended November 30, 2012 increased $19 thousand or 9% compared to the same period in the prior year due to increased efforts at new product development.

No provision for income taxes was recorded in the current period presented due to the significance of the Company' s net loss and expected net loss for its fiscal year ending February 28, 2013. A provision for income taxes of approximately $14 thousand was recorded in the prior year.

Nine Months Ended November 30, 2012 Compared to Nine Months Ended November 30, 2011

The Company reported net sales of $13.8 million for the nine months ended November 30, 2012, a decrease of $3.8 million or 22% from net sales of $17.6 million in the same period in the prior year. Approximately $2.9 million or 77% of this decrease was attributable to reduced net sales of low-end telescopes, spotting scopes and microscopes to mass retail customers due to increased competition from the Company' s Chinese-owned competitors and reduced demand for these products by consumers. Approximately $0.4 million or 10% of the decrease in net sales was attributable to a reduction in net sales of high-end telescopes due to delays in shipments of the Company' s new LX800 and LX600 products, which are still under development, and the impact that delay has had on net sales of other high-end telescope products, offset partially by increased demand for solar telescopes. Approximately $0.5 million or 13% of the decrease in net sales was due to a reduction in sales of other products due to decreased demand for those products.

Gross profit of $1.8 million during the nine months ended November 30, 2012 decreased $2.5 million or 59% compared to the same period in the prior year. Approximately $2.0 million or 80% of this decrease in gross profit was attributable to a reduction in net sales and approximately $0.5 million or 20% was attributed to lower fixed cost absorption and unfavorable fluctuations in indirect manufacturing costs, such as labor and material variances, compared to the prior year.

Selling expenses for the nine months ended November 30, 2012 and 2011 were approximately $1.3 million and $1.8 million, respectively, and were consistent at 10% of net sales during each of those periods. The decline in selling expenses was attributable to lower variable selling expenses.

General and administrative expenses for the nine months ended November 30, 2012 and 2011 were $2.7 million or 19% of net sales and $2.6 million or 15% of net sales, respectively. General and administrative expenses are comprised mostly of fixed costs and generally do not vary with net sales as much as selling expenses.

Research and development expenses for the nine months ended November 30, 2012 of $0.8 million increased $0.2 million or 21% compared to $0.6 million during the same period in the prior year due to increased efforts to complete product development of the LX800 and LX600 products.

Release of warranty liability of $0.3 million during the nine months ended November 30, 2012 pertained to a reduction in the Company' s warranty accrual which was recorded based upon an agreement which released the Company of its remaining warranty liability associated with those products. No such adjustment applied to the prior year.

No provision for income taxes was recorded during the nine months ended November 30, 2012 due to the significance of the Company' s net loss and expected net loss for its fiscal year ending February 28, 2013. A provision of approximately $29 thousand was recorded in the prior year.

Seasonality

The Company has experienced, and expects to continue to experience, substantial fluctuations in its sales, gross margins, working capital requirements and results from operations from quarter to quarter. Factors that influence these fluctuations include the volume and timing of orders received, changes in the mix of products sold, market acceptance of the Company' s products, competitive pricing pressures, the Company' s ability to meet fluctuating demand and delivery schedules, the timing and extent of research and development expenses, the timing and extent of product development activities and the timing and extent of advertising expenditures. Historically, a substantial portion of the Company' s net sales and results from operations typically occurred in the second and third quarter of the Company' s fiscal year primarily due to the higher customer demand for less-expensive telescopes during the holiday season. Mass merchandisers, along with specialty retailers, purchase a considerable amount of their inventories to satisfy seasonal customer demand. These purchasing patterns have caused the Company to increase its level of inventory during its second and third quarters in response to such demand or anticipated demand. As a result, the Company' s working capital requirements have correspondingly increased at such times. The Company continues to experience significant sales to mass merchandisers. Accordingly, the Company' s net sales, working capital requirements and results from operations are expected to be higher in its second and third quarters than in the first and fourth quarters of its fiscal year.

Liquidity and Capital Resources

The Company has incurred significant recurring losses and negative cash flows from operations which have resulted in reduced liquidity and a weakened financial position as of November 30, 2012. The Company also has endured working capital problems caused by product development delays during the past twelve months. In addition, in January 2013, the Company' s largest customer, and one additional customer, notified the Company that they had unilaterally, and without prior notice, decided to indefinitely hold payment of approximately $0.6 million in accounts receivable, which will further reduce the Company' s already limited liquidity. Due to these issues, the Company' s management now believes substantial doubt exists about the Company' s ability to continue as a going concern and that it must modify the Company' s business model and operations to reduce spending to a sustainable level. Such actions could cause the Company to be unable to execute its business plan, take advantage of future opportunities, respond to competitive pressures or customer requirements. It may also cause the Company to delay, scale back or eliminate some or all of its research and development programs, seek opportunities in a strategic relationship or business combination, or to reduce or cease operations.

At November 30, 2012, the Company had cash of $0.3 million, compared to $3.9 million at February 29, 2012 and $1.2 million at November 30, 2011.

Net cash used in operating activities was approximately $4.2 million during the nine months ended November 30, 2012 and $3.8 million during the nine months ended November 30, 2011, an increase in net cash used of approximately $0.4 million compared to the prior year. This increase in net cash used in operating activities was attributed to the increase in the Company' s net loss of approximately $2.0 million from a loss of approximately $0.7 million during the nine months ended November 30, 2011 compared to a loss of approximately $2.7 million during the nine months ended November 30, 2012, offset by favorable net fluctuations in working capital. Approximately $1.1 million or 65% of the net increase in inventories of approximately $1.7 million during the nine months ended November 30, 2012 was due to an increase in inventories relating to the Company' s new LX800 and LX600 products which have taken longer to develop than expected and are not yet ready to be shipped.

The Company typically experiences increases in accounts receivable and inventories and a corresponding decrease in cash beginning with the end of its first fiscal quarter and culminating with the end of its third fiscal quarter. Receivables and inventories then typically decrease, and cash increases, at the end of the Company' s fiscal year. The Company began making advances on its credit facility in September 2012 in order to meet its working capital requirements and continued to do so through the filing of this Form 10-Q. In addition, the Company has incurred substantial operating losses during the nine months ended November 30, 2012.

At November 30, 2012, the Company had in place a secured credit facility with FCC, LLC d/b/a First Capital Western Region, LLC ("First Capital") and owed approximately $0.7 million as of November 30, 2012 on that facility. Availability of funds under that credit facility was based on a percentage of eligible accounts receivable and inventory and amounted to approximately $0.3 million as of November 30, 2012, in addition to the $0.7 million owed, and was based solely on accounts receivable as substantially all the Company' s inventory was deemed ineligible due to most of it being located in Mexico.

In December 2012, the Company repaid the balance owed to First Capital, then amended and terminated its credit facility with First Capital and subsequently replaced it with a new financing agreement ("the Agreement") with Rosenthal & Rosenthal, Inc. ("Rosenthal"). At the time the First Capital credit facility was replaced, both the Rosenthal and First Capital credit facilities allowed for a maximum of $3 million and were based solely upon advances on accounts receivable. As of the closing date of the financing arrangement, December 28, 2012, availability under the new credit facility was approximately $1.6 million. Rosenthal advanced to the Company the $1.6 million maximum available under the new credit facility subsequent to the closing of the Agreement.

While the Company' s agreement with Rosenthal does not contain explicit financial covenants, the Agreement allows the Company' s lender significant latitude to restrict, reduce or eliminate the Company' s access to credit or require the Company to repay any and all amounts outstanding under the Agreement. If its lender restricts, reduces or eliminates the Company' s access to credit, or requires immediate repayment of the amounts outstanding under the agreement, the Company would be required to pursue additional or alternative sources of liquidity such as equity financings, a new debt agreement with other creditors, seek strategic alternatives or liquidate assets. However, the Company cannot assure that any such additional sources of liquidity would be available on reasonable terms, if at all.

The initial term of the credit facility with Rosenthal is through November 30, 2015 and can be renewed thereafter. The credit facility can be terminated by the Company or Rosenthal with at least 60 days, but not more than 120 days, notice except in case of a default, in which case the Company' s lender can terminate the Agreement at any time.

Capital expenditures were approximately $123 thousand and $31 thousand for the nine months ended November 30, 2012 and 2011, respectively. The increase in capital expenditures related primarily to purchases of tools, molds and dies associated with new product development. The Company had no material capital expenditure commitments at November 30, 2012. However, certain of the Company' s machinery and equipment is old and fully depreciated. It is possible that certain of the Company' s machinery and equipment could require replacement in the near future. Given the Company' s weakened financial position and limited liquidity, the Company may not be able to pay for or finance a replacement for such equipment and therefore may be forced to reduce or cease operations until it is able to replace any necessary equipment.

Inflation

The Company does not believe that inflation has had a material effect on the results of operations during the past two years. However, there can be no assurance that the Company' s business will not be affected by inflation in the remainder of fiscal 2013 and beyond.

Forward-Looking Information

The preceding "Management' s Discussion and Analysis of Financial Condition and Results of Operations" section contains various "forward looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities and Exchange Act of 1934, as amended, which represent the Company' s reasonable judgment concerning the future and are subject to risks and uncertainties that could cause the Company’ s actual operating results and financial position to differ materially, including the following: the Company being able to see continued progress in its restructuring efforts, the timing of such restructuring efforts, and the fact that the restructuring efforts will result in positive financial results in the future; the Company' s expectation that it will continue to experience fluctuations in its sales, gross margins and profitability from quarter to quarter consistent with prior periods; the Company' s expectation that contingent liabilities will not have a material effect on the Company' s financial position or results of operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

As a smaller reporting company, as defined in Rule 12b-2 of the Securities Exchange Act of 1934, the Company is not required to provide the information required by this item.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures.

As of November 30, 2012, the Company carried out an evaluation, under the supervision and with the participation of the Company' s management, including the Company' s Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company' s disclosure controls and procedures, as defined in Rule 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934. Based on the evaluation, the Company' s Chief Executive Officer and Chief Financial Officer have concluded that the Company' s disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in the reports it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms and is accumulated and communicated to our management as appropriate to allow timely decisions regarding required disclosure.

Previously Reported Material Weakness in Internal Control over Financial Reporting

In connection with management' s assessment of our internal control over financial reporting for the August 31, 2012 reporting period, we identified a material weakness in our internal control over financial reporting as of May 31, 2012 as described below. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company' s annual or interim financial statements will not be prevented or detected on a timely basis.

We did not effectively maintain a sufficient level of resources within our accounting department, which resulted in a lack of separation of duties between the preparation and review of adjustments necessary to properly state inventory as of May 31, 2012. We have subsequently modified the preparation and review procedures relative to inventory adjustments to address this deficiency in our internal control procedures, which is how the error was identified by management. We verified that the preparation and review of inventory adjustments were separated during each of the two fiscal quarters ended August 31, 2012 and November 30, 2012 and concluded that the material weakness was remediated.

As a result of the material weakness in internal control over financial reporting described above, we amended and restated our financial statements contained in our Quarterly Report on Form 10-Q for the three months ended May 31, 2012.

For additional information regarding the restatements of these financial results and the material weakness identified by management, see "Item 4. Controls and Procedures" in the Company' s Quarterly Report on Form 10-Q/A for the three months ended May 31, 2012, filed on October 4, 2012 with the Securities and Exchange Commission.

Changes in Internal Control Over Financial Reporting

Except for the remediation steps to address the material weakness in its internal control over financial reporting described above, there has been no change in the Company' s internal control over financial reporting that occurred during the Company' s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company' s internal control over financial reporting. Specifically, the preparation and review of the adjustment to record capitalized overhead and variances from standard costs has been separated to two different members of the Company' s accounting staff.

Table of Contents

Under the direction of the Audit Committee, management verified that the preparation and review of inventory adjustments pertaining to capitalized overhead and variances from standard costs was separated and will continue to review and make any changes it deems necessary to the overall design of the Company' s internal control over financial reporting, including implementing improvements in policies and procedures.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Not applicable.

ITEM 1A. RISK FACTORS

Not applicable.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 5. OTHER INFORMATION

On January 11, 2013, Paul D. Sonkin and Michael R. Haynes resigned as directors of the Company.

Mr. Sonkin informed us that he has accepted a position as a portfolio manager and as a result has decided that he should resign from the Board. Mr. Haynes resigned as well and has informed us that his resignation was a result of a request by his employer.

As a result of these resignations, the Company' s Board of Directors reduced the size of the Company' s board of directors from six to four.

ITEM 6. EXHIBITS

Exhibit	Exhibit Title or Description
31.1	Rule 13a-14(a)/15d-14(a) Certification – Principal Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certification – Principal Financial Officer
32.1	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002 – Chief Executive Officer
32.2	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002 – Chief Financial Officer
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Calculation Linkbase Document
101.LAB*	XBRL Taxonomy Label Linkbase Document
101.PRE*	XBRL Taxonomy Presentation Linkbase Document

* As provided in Rule 406T of Regulation S-T, this information is deemed furnished and not filed for purposes of Sections 11 and 12 of the Securities Act of 1933, as amended, and Section 18 of the Securities Exchange Act of 1934, as amended

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MEADE INSTRUMENTS CORP.

Dated: January 14, 2013

By: /s/ STEVEN G. MURDOCK
Steven G. Murdock
Chief Executive Officer

By: /s/ JOHN A. ELWOOD
John A. Elwood
Senior Vice President – Finance and Administration
Chief Financial Officer and Secretary

Table of Contents

EXHIBIT INDEX

Exhibit	Exhibit Title or Description
31.1	Rule 13a-14(a)/15d-14(a) Certification − Principal Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certification − Principal Financial Officer
32.1	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002 − Chief Executive Officer
32.2	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002 − Chief Financial Officer
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Calculation Linkbase Document
101.LAB*	XBRL Taxonomy Label Linkbase Document
101.PRE*	XBRL Taxonomy Presentation Linkbase Document

* As provided in Rule 406T of Regulation S-T, this information is deemed furnished and not filed for purposes of Sections 11 and 12 of the Securities Act of 1933, as amended, and Section 18 of the Securities Exchange Act of 1934, as amended

Exhibit 31.1

§ 302 CERTIFICATION

I, Steven G. Murdock, certify that:

(1) I have reviewed the quarterly report on Form 10-Q of Meade Instruments Corp. for the quarterly period ended November 30, 2012;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant' s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant' s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant' s internal control over financial reporting that occurred during the registrant' s most recent fiscal quarter (the registrant' s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant' s internal control over financial reporting; and

(5) The registrant' s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant' s auditors and the audit committee of the registrant' s board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant' s ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant' s internal control over financial reporting.

Date: January 14, 2013

/s/ STEVEN G. MURDOCK

Steven G. Murdock
Chief Executive Officer (Principal Executive Officer)

Exhibit 31.2

§ 302 CERTIFICATION

I, John A. Elwood, certify that:

(1) I have reviewed the quarterly report on Form 10-Q of Meade Instruments Corp. for the quarterly period ended November 30, 2012;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant' s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant' s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant' s internal control over financial reporting that occurred during the registrant' s most recent fiscal quarter (the registrant' s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant' s internal control over financial reporting; and

(5) The registrant' s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant' s auditors and the audit committee of the registrant' s board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant' s ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant' s internal control over financial reporting.

Date: January 14, 2013

/s/ JOHN A. ELWOOD

John A. Elwood
Senior Vice President − Finance and Administration,
Chief Financial Officer (Principal Financial Officer)

Exhibit 32.1

Written Statement
Pursuant To
18 U.S.C. Section 1350

The undersigned, Steven G. Murdock, the Chief Executive Officer of Meade Instruments Corp. (the "Company"), pursuant to 18 U.S.C. § 1350, hereby certifies that:

(i) the Form 10-Q for the quarterly period ended November 30, 2012 of the Company (the "Report") fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: January 14, 2013

By: /s/ STEVEN G. MURDOCK
Chief Executive Officer

Exhibit 32.2

Written Statement
Pursuant To
18 U.S.C. Section 1350

The undersigned, John A. Elwood, the Chief Financial Officer of Meade Instruments Corp. (the “Company”), pursuant to 18 U.S.C. § 1350, hereby certifies that:

(i) the Form 10-Q for the quarterly period ended November 30, 2012 of the Company (the “Report”) fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: January 14, 2013

By: /s/ JOHN A. ELWOOD

Senior Vice President–Finance and Administration,
Chief Financial Officer

Subsequent Event (Details) (USD $)	9 Months Ended Nov. 30, 2012
Subsequent Event (Textual) [Abstract]	
Maximum credit facility allowed	$ 700,000
Subsequent Event [Member]	
Subsequent Event (Textual) [Abstract]	
Maximum credit facility allowed	3,000,000
Advance made under agreement under clause one	seventy percent (70.0%) of the Net Amount of Eligible Receivables arising from sales made to customers located in the United States of America and Canada
Advance made under agreement under clause two	50% of the Net Amount of Eligible Receivables arising from sales made to customers outside the United States of America and Canada
Advances made based eligible customer located in different countries under clause one	70.00%
Advances made based eligible customer located in different countries under clause two	50.00%
Debt Interest paid for month	3,000
Debt instrument facility fees percent	1.00%
Debt instrument administrative fees	1,000
Amount payable for early termination percent under clause one	three percent of the Maximum Credit Facility then in effect, if such termination occurs prior to the first anniversary of the Closing Date
Amount payable for early termination percent under clause Two	two percent of the Maximum Credit Facility then in effect, if such termination occurs on or after the first anniversary of the Closing Date but prior to the second anniversary of the Closing Date
Amount payable for early termination percent under clause three	one percent of the Maximum Credit Facility then in effect if such termination occurs on or after the second anniversary of the Closing Date
Amount owned under agreement	0
Termination fees payable under agreement	0
Payment receivable under agreement	$ 1,600,000
Subsequent Event [Member] | Maximum [Member]	
Subsequent Event (Textual) [Abstract]	
Advance interest rate under debt	8.00%
Agreement termination period	120 days

Subsequent Event [Member] | Minimum [Member]	
Subsequent Event (Textual) [Abstract]	
Advance interest rate under debt	4.00%
Agreement termination period	60 days

Composition of Certain Balance Sheet Accounts (Details 3) (USD $) In Thousands, unless otherwise specified	3 Months Ended Nov. 30, 2012	Feb. 29, 2012
Summary of acquisition-related intangible assets		
Balance, net, February 29, 2012		$ 705
Amortization	(129)	
Balance, net, November 30, 2012	$ 576	$ 705

Composition of Certain Balance Sheet Accounts	9 Months Ended Nov. 30, 2012
The Consolidated Financial Statements Have Been Prepared by the Company and are Unaudited/ Composition of Certain Balance Sheet Accounts [Abstract]	
Composition of Certain Balance Sheet Accounts	

D. Composition of Certain Balance Sheet Accounts

The composition of accounts receivable, net of reserves, is as follows:

	November 30, 2012	February 29, 2012
	(In thousands)	
Due from factor	$ 3,163	$ 1,183
Accounts receivable, other	184	485
	$ 3,347	$ 1,668

Substantially all of the credit risk associated with the assigned invoices remained with the Company as of November 30, 2012. Accounts receivable, other includes reserves for subsequent sales return and allowances for bad debt—including reserves associated with certain invoices assigned to the factor. Approximately $0.7 million was outstanding on the Company's credit facility, and therefore owed to the Company's factor, as of November 30, 2012; no amount was owed at February 29, 2012.

The composition of inventories is as follows:

	November 30, 2012	February 29, 2012
	(In thousands)	
Raw materials	$ 2,750	$ 1,419
Work in process	2,805	2,424
Finished goods	2,806	2,790
	$ 8,361	$ 6,633

Intangible assets were a result of an acquisition of substantially all of the assets and assumption of substantially all of the liabilities of Coronado Technology Group, LLC that occurred on December 1, 2004 and are as follows:

		November 30, 2012			February 29, 2012		
	Amortization Periods (In Years)	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Gross Carrying Amount	Accumulated Amortization	Net book Value
				(In thousands)			

Trademarks	7-15	$424	$ (388)	$ 36	$424	$ (361)	$ 63
Completed technologies	12	1,620	(1,080)	540	1,620	(978)	642
Total		$2,044	$ (1,468)	$ 576	$2,044	$ (1,339)	$ 705

The changes in the carrying amount of acquisition-related intangible assets for the three months ended November 30, 2012, are as follows:

	Amortizing Intangible Assets
	(In thousands)
Balance, net, February 29, 2012	$ 705
Amortization	(129)
Balance, net, November 30, 2012	$ 576

Amortization of acquisition-related intangible assets over the next five fiscal years is estimated as follows:

Fiscal Year	(In thousands)
2013 (remaining three months)	$ 42
2014	162
2015	135
2016	135
2017	102
Total	$ 576

The composition of property and equipment is as follows:

	November 30, 2012	February 29, 2012
	(In thousands)	
Molds and dies	$ 1,317	$ 1,234
Machinery and equipment	4,520	4,507
Furniture and fixtures	251	251
Autos and trucks	126	199
Leasehold improvements	138	138
	6,352	6,329
Less accumulated depreciation and amortization	(6,129)	(6,159)
	$ 223	$ 170

Since certain of the Company's machinery and equipment is old and fully depreciated, it is possible that certain of the Company's machinery and equipment could require replacement in the near future. Given the Company's weakened financial position and limited liquidity, the Company may not be able to pay for or finance a replacement for such equipment and therefore may be forced to reduce or cease operations until it is able to replace any necessary equipment.

Loss Per Share (Details) In Thousands, unless otherwise specified	Nov. 30, 2012	Feb. 29, 2012
Stock Options [Member]		
Summary of number of options and restricted shares outstanding		
Antidilutive Securities Excluded From Earnings Per Share Amount	77	77
Restricted Stock [Member]		
Summary of number of options and restricted shares outstanding		
Antidilutive Securities Excluded From Earnings Per Share Amount	133	63

Composition of Certain Balance Sheet Accounts (Details Textual) (USD $) In Millions, unless otherwise specified	Nov. 30, 2012	Feb. 29, 2012
Composition of Certain Balance Sheet Accounts (Textual) [Abstract]		
Outstanding credit facility and owned	$ 0.7	$ 0

Product Warranties (Details) (USD $) In Thousands, unless otherwise specified	3 Months Ended		9 Months Ended	
	Nov. 30, 2012	Nov. 30, 2011	Nov. 30, 2012	Nov. 30, 2011
Summary of changes in the warranty liability				
Beginning balance	$ 411	$ 763	$ 736	$ 810
Release of warranty liability			(293)	
Warranty accrual	50	91	161	190
Labor and Material	(45)	(46)	(188)	(192)
Ending balance	$ 416	$ 808	$ 416	$ 808

Product Warranties (Details Textual) (USD $)	1 Months Ended		9 Months Ended					
	Jun. 30, 2012	May 31, 2012	Nov. 30, 2012	Aug. 31, 2012	Feb. 29, 2012	Nov. 30, 2011	Aug. 31, 2011	Feb. 28, 2011
Product Warranties (Textual) [Abstract]								
Product warranty telescopes and binoculars period of warranty			1 year					
Product warranty others period of warranty			5 years					
Warranty accrual related to sport optics brands			$ 416,000	$ 411,000	$ 736,000	$ 808,000	$ 763,000	$ 810,000
Reduction in warranty accrual	$ 300,000	$ 300,000						

Stock Based Compensation

9 Months Ended
Nov. 30, 2012

Stock Based Compensation [Abstract]

Stock Based Compensation

C. Stock Based Compensation

The Company accounts for stock-based compensation in accordance with the provisions of Accounting Standards Codification No. ASC 718-10, *Share-Based Payment* ("ASC 718-10"), which establishes accounting for equity instruments exchanged for employee services. Under the provisions of ASC 718-10, share-based compensation cost is measured at the grant date, based on the calculated fair value of the award, and is recognized as an expense over the employee's requisite service period (generally the vesting period of the equity grant). Share-based compensation expenses, included in general and administrative expenses in the Company's consolidated statement of operations for the nine months ended November 30, 2012 and 2011, were approximately $52 thousand and $89 thousand, respectively. Due to deferred tax valuation allowances provided, no net benefit was recorded against the share-based compensation charged.

The Company estimates the fair value of restricted stock awards using the closing price on the grant date. The Company estimates the fair value of stock options using the Black-Scholes valuation model. Key input assumptions used to estimate the fair value of stock options include the expected option term, forfeiture rate, the expected volatility of the Company's stock over the option's expected term, the risk-free interest rate over the option's expected term, and the Company's expected annual dividend yield. The Company believes that the valuation technique and the approach utilized to develop underlying assumptions are appropriate in calculating the fair values of the Company's stock options. Estimates of fair value are not intended to predict actual future events or the value ultimately realized by persons who receive equity awards.

The fair value of the Company's stock options granted in the nine months ended November 30, 2012 and 2011, respectively, was estimated on the grant date using the Black-Scholes option-pricing model with the following assumptions:

	November 30, 2012		November 30, 2011	
Expected life (1)	6.0		5.8	
Expected volatility (2)	165	%	168	%
Risk-free interest rate (3)	0.8	%	1.1	%
Expected dividends	None		None	

(1) The option term is expressed in years and was determined using the simplified method for estimating expected option life.
(2) The stock volatility for each grant is measured using the weighted average of historical daily price changes of the Company's common stock over the most recent period equal to the expected option life of the grant, adjusted for activity which is not expected to occur in the future.
(3) The risk-free interest rate for periods equal to the expected term of the share option is based on the U.S. Treasury yield curve in effect at the time of grant.

On June 29, 2011, each of the Company's executive officers, Steven Murdock and John Elwood, (the "Executive Officers") was granted a restricted stock award (an "Award") pursuant to the Company's form of Restricted Stock Agreement under the Company's 2008 Stock Incentive Plan. The Awards to Mr. Murdock and Mr. Elwood were in the amounts of 37,500 shares of Common Stock and 25,000 shares of Common Stock, respectively. Each Award vests in ten equal installments with the first installment vesting on June 29, 2012 and the remainder vesting on each of the next nine consecutive anniversaries; provided, however, if the Company subsequently achieves net income for any fiscal year of the Company (but excluding the Company's fiscal years 2019, 2020 and 2021), as shown on the Company's audited consolidated financial statements for such fiscal year, the vesting of the Award shall accelerate such that the number of shares of the Award which are unvested at the end of such fiscal year shall vest in three substantially equal installments over the then next three consecutive anniversaries of the date of the Award.

On August 10, 2012, each of the Company's U.S. employees, including the Executive Officers, were granted restricted stock awards (the "Awards") pursuant to the Company's form of Restricted Stock Agreement under the Company's 2008 Stock Incentive Plan. The Awards were in the aggregate amount of 76,250 shares of Common Stock. Each award vests in three equal installments with the first installment vesting on August 10, 2013 and the remainder vesting on each of the two succeeding anniversaries.

Income Taxes (Details) (USD $) In Thousands, unless otherwise specified	3 Months Ended		9 Months Ended		
	Nov. 30, 2012	Nov. 30, 2011	Nov. 30, 2012	Nov. 30, 2011	Feb. 29, 2012
Income Taxes (Textual) [Abstract]					
Net operating loss carryforward period			3 years		
Income Taxes (Additional Textual) [Abstract]					
Unrecognized tax benefits	$ 0		$ 0		$ 0
Accrued interest and penalties related to uncertain tax	0		0		0
Income tax expense (benefit)	$ 0	$ 14	$ 0	$ 29	
Major state jurisdictions [Member]					
Income Taxes (Textual) [Abstract]					
Net operating loss carryforward period			4 years		

Consolidated Balance Sheets (Unaudited) (USD $) In Thousands, unless otherwise specified	Nov. 30, 2012	Feb. 29, 2012
Current assets:		
Cash	$ 282	$ 3,904
Accounts receivable, less allowance for doubtful accounts of $65 at November 30, 2012 and $139 at February 29, 2012	3,347	1,668
Inventories	8,361	6,633
Prepaid expenses and other current assets	419	208
Total current assets	12,409	12,413
Property and equipment, net	223	170
Intangible assets, net	576	705
Other assets, net	105	105
Total assets	13,313	13,393
Current liabilities:		
Credit facility	702	
Accounts payable	3,340	1,498
Accrued liabilities	1,749	1,686
Total current liabilities	5,791	3,184
Deferred rent	19	25
Commitments and contingencies		
Stockholders' equity:		
Common Stock; $0.01 par value; 2,500 shares authorized; 1,173 shares issued and outstanding at November 30, 2012 and 1,167 shares issued and outstanding at February 29, 2012	12	12
Additional paid-in capital	52,722	52,670
Accumulated deficit	(45,231)	(42,498)
Total Stockholders' equity	7,503	10,184
Total liabilities and stockholders' equity	$ 13,313	$ 13,393

The Consolidated Financial Statements Have Been Prepared by the Company and are Unaudited	9 Months Ended
	Nov. 30, 2012
The Consolidated Financial Statements Have Been Prepared by the Company and are Unaudited/ Composition of Certain Balance Sheet Accounts [Abstract]	
The Consolidated Financial Statements Have Been Prepared by the Company and are Unaudited	**A. The Consolidated Financial Statements Have Been Prepared by the Company and are Unaudited.** Meade Instruments Corp. (the "Company") is engaged in the design, manufacture, marketing and sale of consumer products, primarily telescopes, telescope accessories and binoculars. The Company designs its products in-house or with the assistance of external consultants. Most of the entry level products are manufactured overseas by contract manufacturers in Asia, while the high-end telescopes are manufactured and assembled at the Company's Mexico facility. Sales of the Company's products are driven by an in-house sales force as well as a network of sales representatives throughout the U.S. and through distributors internationally. The Company currently operates out of two primary locations: Irvine, California and Tijuana, Mexico. The California facility serves as the Company's corporate headquarters, research and development facility; the Mexico facility contains the Company's manufacturing, assembly, repair, packaging, distribution and other general and administrative functions. In the opinion of the management of the Company, the information and amounts furnished in this report reflect all adjustments (consisting of normal recurring adjustments) considered necessary for the fair statement of the financial position and results of operations for the interim periods presented. These financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for the fiscal year ended February 29, 2012. The Company has experienced, and expects to continue to experience, substantial fluctuations in its sales, gross margins and results from operations from quarter to quarter. Factors that influence these fluctuations include the volume and timing of orders received, changes in the mix of products sold, market acceptance of the Company's products, competitive pricing pressures, the Company's ability to meet fluctuating demand and delivery schedules, the timing and extent of research and development expenses, the timing and extent of product development costs and the timing and extent of advertising expenditures. The Company's financial statements have been prepared under the assumption that the Company will continue as a going concern. However, Management believes that substantial doubt exists about the Company's ability to continue as a going concern due to the Company's recurring losses and its weakened financial position and reduced liquidity, and management is considering various measures as described in Note B. below.

Composition of Certain Balance Sheet Accounts (Details) (USD $) In Thousands, unless otherwise specified	Nov. 30, 2012	Feb. 29, 2012
Composition of accounts receivable		
Due from factor	$ 3,163	$ 1,183
Accounts receivable, other	184	485
Accounts Receivable, Total	$ 3,347	$ 1,668

Composition of Certain Balance Sheet Accounts (Details 2) (USD $) In Thousands, unless otherwise specified	9 Months Ended	
	Nov. 30, 2012	Feb. 29, 2012
Summary of intangible assets		
Gross carrying Amount	$ 2,044	$ 2,044
Accumulated Amortization	(1,468)	(1,339)
Net Book Value	576	705
Trademarks [Member]		
Summary of intangible assets		
Gross carrying Amount	424	424
Accumulated Amortization	(388)	(361)
Net Book Value	36	63
Trademarks [Member] | Maximum [Member]		
Summary of intangible assets		
Amortization period (In Years)	15 years	
Trademarks [Member] | Minimum [Member]		
Summary of intangible assets		
Amortization period (In Years)	7 years	
Completed Technologies [Member]		
Summary of intangible assets		
Amortization period (In Years)	12 years	
Gross carrying Amount	1,620	1,620
Accumulated Amortization	(1,080)	(978)
Net Book Value	$ 540	$ 642

Liquidity	9 Months Ended Nov. 30, 2012
Liquidity [Abstract]	
Liquidity	

B. Liquidity

The Company has incurred significant recurring losses and negative cash flows from operations which have resulted in reduced liquidity and a weakened financial position as of November 30, 2012. The Company also has endured working capital problems caused by product development delays during the past twelve months. In addition, in January 2013, the Company's largest customer, and one additional customer, notified the Company that they had unilaterally, and without prior notice, decided to indefinitely hold payment of approximately $0.6 million in accounts receivable, which will further reduce the Company's already limited liquidity. Due to these issues, the Company's management now believes substantial doubt exists about the Company's ability to continue as a going concern and that it must modify the Company's business model and operations to reduce spending to a sustainable level. Such actions could cause the Company to be unable to execute its business plan, take advantage of future opportunities, respond to competitive pressures or customer requirements. It may also cause the Company to delay, scale back or eliminate some or all of its research and development programs, seek opportunities in a strategic relationship or business combination, or to reduce or cease operations.

At November 30, 2012, the Company had cash of $0.3 million, compared to $3.9 million at February 29, 2012 and $1.2 million at November 30, 2011.

Net cash used in operating activities was approximately $4.2 million during the nine months ended November 30, 2012 and $3.8 million during the nine months ended November 30, 2011, an increase in net cash used of approximately $0.4 million compared to the prior year. This increase in net cash used in operating activities was attributed to the increase in the Company's net loss of approximately $2.0 million from a loss of approximately $0.7 million during the nine months ended November 30, 2011 compared to a loss of approximately $2.7 million during the nine months ended November 30, 2012, offset by favorable net fluctuations in working capital. Approximately $1.1 million or 65% of the net increase in inventories of approximately $1.7 million during the nine months ended November 30, 2012 was due to an increase in inventories relating to the Company's new LX800 and LX600 products which have taken longer to develop than expected and are not yet ready to be shipped.

The Company typically experiences increases in accounts receivable and inventories and a corresponding decrease in cash beginning with the end of its first fiscal quarter and culminating with the end of its third fiscal quarter. Receivables and inventories then typically decrease, and cash increases, at the end of the Company's fiscal year. The Company began making advances on its credit facility in September 2012 in order to meet its working capital requirements and continued to do so through the filing of this Form 10-Q. In addition, the Company has incurred substantial operating losses during the nine months ended November 30, 2012.

At November 30, 2012, the Company had in place a secured credit facility with FCC, LLC d/b/a First Capital Western Region, LLC ("First Capital") and owed approximately $0.7 million as of November 30, 2012 on that facility. Availability of funds under that credit facility was based on a percentage of eligible accounts receivable and inventory and amounted to approximately $0.3 million as of November 30, 2012, in addition to the $0.7 million owed, and was based solely on accounts receivable as substantially all the Company's inventory was deemed ineligible due to most of it being located in Mexico.

In December 2012, the Company repaid the balance owed to First Capital, then amended and terminated its credit facility with First Capital and subsequently replaced it with a new financing agreement ("the Agreement") with Rosenthal & Rosenthal, Inc. ("Rosenthal"). At the time the First Capital credit facility was replaced, both the Rosenthal and First Capital credit facilities allowed for a maximum of $3 million and were based solely upon advances on accounts receivable. As of the closing date of the financing arrangement, December 28, 2012, availability under the new credit facility was approximately $1.6 million. Rosenthal advanced to the Company the $1.6 million maximum available under the new credit facility subsequent to the closing of the Agreement.

While the Company's agreement with Rosenthal does not contain explicit financial covenants, the Agreement allows the Company's lender significant latitude to restrict, reduce or eliminate the Company's access to credit or require the Company to repay any and all amounts outstanding under the Agreement. If its lender restricts, reduces or eliminates the Company's access to credit, or requires immediate repayment of the amounts outstanding under the agreement, the Company would be required to pursue additional or alternative sources of liquidity such as equity financings, a new debt agreement with other creditors, seek strategic alternatives or liquidate assets. However, the Company cannot assure that any such additional sources of liquidity would be available on reasonable terms, if at all.

The initial term of the credit facility with Rosenthal is through November 30, 2015 and can be renewed thereafter. The credit facility can be terminated by the Company or Rosenthal with at least 60 days, but not more than 120 days, notice except in case of a default, in which case the Company's lender can terminate the Agreement at any time.

Consolidated Balance Sheets (Unaudited) (Parenthetical) (USD $) In Thousands, except Per Share data, unless otherwise specified	Nov. 30, 2012	Feb. 29, 2012
Consolidated Balance Sheets [Abstract]		
Allowance for doubtful accounts	$ 65	$ 139
Common stock, par value	$ 0.01	$ 0.01
Common stock, shares authorized	2,500	2,500
Common stock, shares issued	1,173	1,167
Common stock, shares outstanding	1,173	1,167

Loss Per Share (Tables)	9 Months Ended Nov. 30, 2012
Loss Per Share [Abstract]	
Summary of number of options and restricted shares outstanding	The total number of options and restricted shares outstanding were as follows:

	November 30, 2012	February 29, 2012
	(In thousands)	
Stock options outstanding	77	77
Restricted shares outstanding	133	63

Document and Entity Information	9 Months Ended Nov. 30, 2012	Jan. 11, 2013
Document and Entity Information [Abstract]		
Entity Registrant Name	MEADE INSTRUMENTS CORP	
Entity Central Index Key	0001032067	
Document Type	10-Q	
Document Period End Date	Nov. 30, 2012	
Amendment Flag	false	
Document Fiscal Year Focus	2013	
Document Fiscal Period Focus	Q3	
Current Fiscal Year End Date	--02-28	
Entity Filer Category	Smaller Reporting Company	
Entity Common Stock, Shares Outstanding		1,306,017

Product Warranties (Tables)

Commitments and Contingencies/ Product Warranties [Abstract]

Summary of changes in the warranty liability

9 Months Ended Nov. 30, 2012

Changes in the warranty liability, which is included as a component of accrued liabilities on the accompanying Consolidated Balance Sheets, were as follows:

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2012	2011	2012	2011
	(In thousands)			
Beginning balance	$ 411	$ 763	$ 736	$ 810
Release of warranty liability	—	—	(293)	—
Warranty accrual	50	91	161	190
Labor and material	(45)	(46)	(188)	(192)
Ending balance	$ 416	$ 808	$ 416	$ 808

Consolidated Statements of Operations (Unaudited) (USD $) In Thousands, except Per Share data, unless otherwise specified	3 Months Ended		9 Months Ended	
	Nov. 30, 2012	Nov. 30, 2011	Nov. 30, 2012	Nov. 30, 2011
Consolidated Statements of Operations [Abstract]				
Net sales	$ 5,692	$ 7,240	$ 13,780	$ 17,553
Cost of sales	5,338	5,682	12,015	13,256
Gross profit	354	1,558	1,765	4,297
Selling expenses	568	730	1,344	1,773
General and administrative expenses	864	846	2,663	2,611
Research and development expenses	237	218	770	635
Release of warranty liability			(294)	
Operating loss	(1,315)	(236)	(2,718)	(722)
Interest expense (income)	15	(1)	15	(3)
Loss before income taxes	(1,330)	(235)	(2,733)	(719)
Income tax expense (benefit)	0	14	0	29
Net loss	$ (1,330)	$ (249)	$ (2,733)	$ (748)
Net loss per share-basic and diluted	$ (1.13)	$ (0.21)	$ (2.34)	$ (0.64)
Weighted average common shares outstanding-basic and diluted	1,173	1,167	1,170	1,167

Product Warranties	**9 Months Ended Nov. 30, 2012**
Commitments and Contingencies/Product Warranties [Abstract]	
Product Warranties	

G. Product Warranties

The Company provides reserves for the estimated cost of product warranty-related claims at the time of sale, and periodically adjusts the provision to reflect actual experience related to its standard product warranty programs and its extended warranty programs. The amount of warranty liability accrued reflects management's best estimate of the expected future cost of honoring Company obligations under its warranty plans. Additionally, from time to time, specific warranty accruals may be made if unforeseen technical problems arise. Meade ® brand products, principally telescopes and binoculars, are generally covered by a one-year limited warranty. Most of the Coronado® products have limited five-year warranties.

Included in the warranty accrual as of February 29, 2012, is $0.5 million related to the Company's former sport optics brands that were sold in 2008 and for which the Company agreed to retain certain warranty liabilities. In June 2012, the Company entered into an agreement with the owner of one of the Company's former sport optics brands which eliminated the Company's remaining liability of approximately $0.3 million for any future product warranty claims associated with that brand. The Company reduced its warranty accrual as of May 31, 2012 by $0.3 million accordingly.

Changes in the warranty liability, which is included as a component of accrued liabilities on the accompanying Consolidated Balance Sheets, were as follows:

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2012	**2011**	**2012**	**2011**
	(In thousands)			
Beginning balance	$ 411	$ 763	$ 736	$ 810
Release of warranty liability	—	—	(293)	—
Warranty accrual	50	91	161	190
Labor and material	(45)	(46)	(188)	(192)
Ending balance	$ 416	$ 808	$ 416	$ 808

Loss Per Share	9 Months Ended Nov. 30, 2012

Loss Per Share [Abstract]

Loss Per Share

F. Loss Per Share

Basic loss per share amounts excludes the dilutive effect of potential shares of common stock. Basic loss per share is based upon the weighted-average number of shares of common stock outstanding. Diluted loss per share is based upon the weighted-average number of shares of common stock and dilutive potential shares of common stock outstanding for each period presented. Potential shares of common stock include outstanding stock options and restricted stock, which may be included in the weighted average number of shares of common stock under the treasury stock method.

The total number of options and restricted shares outstanding were as follows:

	November 30, 2012	February 29, 2012
	(In thousands)	
Stock options outstanding	77	77
Restricted shares outstanding	133	63

These amounts were excluded from the weighted-average number of shares of common stock outstanding, as including these items would be anti-dilutive due to the Company's net loss.

Composition of Certain Balance Sheet Accounts (Details 1) (USD $) In Thousands, unless otherwise specified	Nov. 30, 2012	Feb. 29, 2012
Composition of inventories		
Raw materials	$ 2,750	$ 1,419
Work in process	2,805	2,424
Finished goods	2,806	2,790
Inventory, total	$ 8,361	$ 6,633

Liquidity (Details Textual) (USD $)	3 Months Ended		9 Months Ended						9 Months Ended
	Nov. 30, 2012	Nov. 30, 2011	Nov. 30, 2012	Nov. 30, 2011	Feb. 29, 2012	Feb. 28, 2011	Dec. 31, 2012 Rosenthal and First Capital [Member]	Dec. 31, 2012 Rosenthal [Member]	Nov. 30, 2012 Largest and One Additional Customer [Member]
Liquidity (Textual) [Abstract]									
Maximum credit facility	$ 700,000		$ 700,000				$ 3,000,000	$ 1,600,000	
Amount retained by customer			(75,000)	66,000					600,000
Liquidity (Additional Textual) [Abstract]									
Cash and cash equivalents	282,000	1,247,000	282,000	1,247,000	3,904,000	5,076,000			
Net loss	(1,330,000)	(249,000)	(2,733,000)	(748,000)					
Increase in inventories			1,100,000						
Percentage increase in inventories			65.00%						
Inventories			(1,728,000)	(1,363,000)					
Increase in net cash used	400,000		(4,206,000)	(3,798,000)					
Available credit facility	$ 300,000		$ 300,000						
Prior notice required for company to terminate agreement with factor	60 days		60 days						
Maximum Prior notice required for company to terminate agreement with factor			120 days						

Stock Based Compensation (Tables)	9 Months Ended Nov. 30, 2012
Stock Based Compensation [Abstract]	
Summary of fair value of the Company's stock options granted	The fair value of the Company's stock options granted in the nine months ended November 30, 2012 and 2011, respectively, was estimated on the grant date using the Black-Scholes option-pricing model with the following assumptions:

	November 30, 2012		November 30, 2011	
Expected life (1)	6.0		5.8	
Expected volatility (2)	165	%	168	%
Risk-free interest rate (3)	0.8	%	1.1	%
Expected dividends	None		None	

(1) The option term is expressed in years and was determined using the simplified method for estimating expected option life.

(2) The stock volatility for each grant is measured using the weighted average of historical daily price changes of the Company's common stock over the most recent period equal to the expected option life of the grant, adjusted for activity which is not expected to occur in the future.

(3) The risk-free interest rate for periods equal to the expected term of the share option is based on the U.S. Treasury yield curve in effect at the time of grant.

Income Taxes	9 Months Ended Nov. 30, 2012
Income Taxes [Abstract]	
Income Taxes	**H. Income Taxes** In accordance with ASC 740, *Accounting for Income Taxes*, the Company has determined that there was sufficient uncertainty surrounding the future realization of its deferred tax assets to warrant the recording of a full valuation allowance. The valuation allowance was recorded based upon the Company's determination that there was insufficient objective evidence, at this time, to recognize those assets for financial reporting purposes. For the period ended November 30, 2012, the Company has not changed its assessment regarding the recoverability of its deferred tax assets. Ultimate realization of the benefit of the deferred tax assets is dependent upon the Company generating sufficient taxable income in future periods, including periods prior to the expiration of certain underlying tax credits. No provision for income taxes was recorded in the current or prior period presented due to the significance of the Company's net loss. The tax years 2008 through 2011 remain open to examination by the major taxing jurisdictions to which the Company is subject. However, the amount of a net operating loss carryforward can be adjusted for federal tax purposes for the three years (four years for the major state jurisdictions in which the Company operates) after the net operating loss is utilized. *Unrecognized Tax Benefits* The Company is subject to income taxes in the United States and Mexico. Significant judgment is required in evaluating the Company's tax positions and determining its provision for income taxes. During the ordinary course of business, there are many transactions and calculations for which the ultimate tax determination is uncertain. The Company establishes reserves for tax-related uncertainties based on estimates of whether, and the extent to which, additional taxes will be due. These reserves are established when the Company believes that certain positions might be challenged despite a belief that its tax return positions are fully supportable. The Company adjusts these reserves in light of changing facts and circumstances, such as the outcome of income tax audits. The provision for income taxes includes the impact of reserve provisions and changes to reserves that are considered appropriate. Accruals for unrecognized tax benefits are provided for in accordance with the requirements of the prescribed authoritative guidance. At November 30, 2012 and February 29, 2012, there were no unrecognized tax benefits. Management does not anticipate that there will be a material change in the balance of unrecognized tax benefits within the next 12 months. The Company recognizes accrued interest and penalties related to uncertain tax positions in income tax expense. At November 30, 2012 and February 29, 2012, there were no accrued interest and penalties related to uncertain tax positions.

Subsequent Event	9 Months Ended Nov. 30, 2012
Subsequent Events [Abstract]	
Subsequent Event	

I. Subsequent Event

On December 28, 2012 (the “Closing Date”), the Company terminated its Amended and Restated Factoring and Security Agreement (the “First Capital Agreement”) with FCC, LLC d/b/a First Capital Western Region, LLC (“First Capital”), and entered into a Financing Agreement (the “Rosenthal Agreement” or “Agreement”) with Rosenthal and Rosenthal, Inc. (“Rosenthal”).

Similar to the First Capital Agreement, the Rosenthal Agreement provides for a maximum credit facility of $3 million (the “Maximum Credit Facility”).

The Agreement provides for advances of up to (i) seventy percent (70.0%) of the Net Amount of Eligible Receivables arising from sales made to customers located in the United States of America and Canada and (ii) 50% of the Net Amount of Eligible Receivables arising from sales made to customers outside the United States of America and Canada, provided that sales described in clause (ii) are subject to a credit insurance policy. In addition, any advances are reduced by reserves as Rosenthal may deem, in its sole discretion, to be necessary from time to time.

Advances under the Agreement incur interest at the greater of (i) the prime rate publicly announced in New York City by JPMorgan Chase Bank plus four percent and (ii) eight percent. A minimum of $3,000 per month in interest will be paid according to the Agreement.

A facility fee in the amount of 1% of the Maximum Credit Facility was paid to Rosenthal on the Closing Date and will be paid on each anniversary thereof. An administration fee of $1,000 per month is also payable during the Agreement.

The Agreement continues through November 30, 2015 and from year to year thereafter unless terminated by either party. The Company or Rosenthal can terminate the Agreement with at least 60 days, and not more than 120 days, written notice except in cases of a Default, at which time Rosenthal can terminate the Agreement at any time and the Company will pay to Rosenthal an amount equal to (a) three percent of the Maximum Credit Facility then in effect, if such termination occurs prior to the first anniversary of the Closing Date; (b) two percent of the Maximum Credit Facility then in effect, if such termination occurs on or after the first anniversary of the Closing Date but prior to the second anniversary of the Closing Date; and (c) one percent of the Maximum Credit Facility then in effect if such termination occurs on or after the second anniversary of the Closing Date.

No amount was owed to First Capital when the First Capital Agreement was terminated, and no termination fees were incurred as a result of the termination of the First Capital Agreement. Rosenthal advanced approximately $1.6 million to the Company subsequent to entering into the Agreement, which constituted the full amount of availability under the Agreement at that time.

Composition of Certain Balance Sheet Accounts (Tables)	9 Months Ended Nov. 30, 2012
The Consolidated Financial Statements Have Been Prepared by the Company and are Unaudited/ Composition of Certain Balance Sheet Accounts [Abstract]	
Composition of accounts receivable	The composition of accounts receivable, net of reserves, is as follows:

	November 30, 2012	February 29, 2012
	(In thousands)	
Due from factor	$ 3,163	$ 1,183
Accounts receivable, other	184	485
	$ 3,347	$ 1,668

Composition of inventories

The composition of inventories is as follows:

	November 30, 2012	February 29, 2012
	(In thousands)	
Raw materials	$ 2,750	$ 1,419
Work in process	2,805	2,424
Finished goods	2,806	2,790
	$ 8,361	$ 6,633

Summary of intangible assets

Intangible assets were a result of an acquisition of substantially all of the assets and assumption of substantially all of the liabilities of Coronado Technology Group, LLC that occurred on December 1, 2004 and are as follows:

		November 30, 2012			February 29, 2012		
	Amortization Periods (In Years)	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Gross Carrying Amount	Accumulated Amortization	Net book Value
				(In thousands)			
Trademarks	7-15	$424	$ (388)	$ 36	$424	$ (361)	$ 63
Completed technologies	12	1,620	(1,080)	540	1,620	(978)	642
Total		$2,044	$ (1,468)	$ 576	$2,044	$ (1,339)	$ 705

Summary of acquisition-related intangible assets

The changes in the carrying amount of acquisition-related intangible assets for the three months ended November 30, 2012, are as follows:

	Amortizing Intangible Assets
	(In thousands)
Balance, net, February 29, 2012	$ 705
Amortization	(129)
Balance, net, November 30, 2012	$ 576

Amortization of acquisition-related intangible assets

Amortization of acquisition-related intangible assets over the next five fiscal years is estimated as follows:

Fiscal Year	(In thousands)
2013 (remaining three months)	$ 42
2014	162
2015	135
2016	135
2017	102
Total	$ 576

Composition of property and equipment

The composition of property and equipment is as follows:

	November 30, 2012	February 29, 2012
	(In thousands)	
Molds and dies	$ 1,317	$ 1,234
Machinery and equipment	4,520	4,507
Furniture and fixtures	251	251
Autos and trucks	126	199
Leasehold improvements	138	138
	6,352	6,329
Less accumulated depreciation and amortization	(6,129)	(6,159)
	$ 223	$ 170

Stock Based Compensation (Details Textual) (USD $) In Thousands, except Share data, unless otherwise specified	1 Months Ended	9 Months Ended		1 Months Ended			
	Aug. 31, 2012	Nov. 30, 2012	Nov. 30, 2011	Jun. 30, 2011 Mr. Murdock [Member]	Jun. 30, 2011 Mr. Elwood [Member]	Aug. 31, 2012 Employee [Member] Installment	Jun. 30, 2011 Executive Officer [Member] Installment
Stock Based Compensation (Textual) [Abstract]							
Share based compensation expenses included in general and administrative expenses		$ 52	$ 89				
Common stock shares	76,250			37,500	25,000		
Benefit recorded against share-based compensation charged		$ 0					
Vesting Installments						3	10

Composition of Certain Balance Sheet Accounts (Details 4) (USD $) In Thousands, unless otherwise specified	Nov. 30, 2012	Feb. 29, 2012
Amortization of acquisition-related intangible assets		
2013 (remaining three months)	$ 42	
2014	162	
2015	135	
2016	135	
2017	102	
Total	$ 576	$ 705

Consolidated Statements of Cash Flows (Unaudited) (USD $) In Thousands, unless otherwise specified	9 Months Ended	
	Nov. 30, 2012	Nov. 30, 2011
Cash flows from operating activities:		
Net loss	$ (2,733)	$ (748)
Adjustments to reconcile loss from continuing operations to net cash used in operating activities:		
Release of warranty liability	(294)	
Depreciation and amortization	203	254
Bad debt (recovery) expense	(75)	66
Stock-based compensation	52	89
Deferred rent amortization	(6)	
Gain on sale of fixed assets	(5)	
Changes in assets and liabilities:		
Accounts receivable	(1,604)	(2,879)
Inventories	(1,728)	(1,363)
Prepaid expenses and other current assets	(219)	13
Accounts payable	1,842	1,093
Accrued liabilities	361	(323)
Net cash used in operating activities	(4,206)	(3,798)
Cash flows from investing activities:		
Capital expenditures	(123)	(31)
Proceeds from sale of fixed assets	5	
Net cash used in investing activities	(118)	(31)
Cash flows from financing activities		
Net advances on credit facility	702	
Net cash provided by financing activities	702	
Net decrease in cash	(3,622)	(3,829)
Cash at beginning of period	3,904	5,076
Cash at end of period	282	1,247
Supplemental Cash Flow Information:		
Cash paid for interest on bank borrowings	15	
Cash paid for income tax	$ 45	$ 35

Commitments and Contingencies	9 Months Ended Nov. 30, 2012
Commitments and Contingencies/Product Warranties [Abstract]	
Commitments and Contingencies	**E. Commitments and Contingencies** The Company is involved from time to time in litigation incidental to its business. Management believes that the outcome of such litigation will not have a material adverse effect on the financial position, results of operations or cash flows of the Company.

Composition of Certain Balance Sheet Accounts (Details 5) (USD $) In Thousands, unless otherwise specified	Nov. 30, 2012	Feb. 29, 2012
Composition of property and equipment		
Property, Plant and Equipment, Gross, Total	$ 6,352	$ 6,329
Less accumulated depreciation and amortization	(6,129)	(6,159)
Property and equipment, net	223	170
Molds and Dies [Member]		
Composition of property and equipment		
Property, Plant and Equipment, Gross, Total	1,317	1,234
Machinery and Equipment [Member]		
Composition of property and equipment		
Property, Plant and Equipment, Gross, Total	4,520	4,507
Furniture and Fixtures [Member]		
Composition of property and equipment		
Property, Plant and Equipment, Gross, Total	251	251
Autos and trucks [Member]		
Composition of property and equipment		
Property, Plant and Equipment, Gross, Total	126	199
Leasehold Improvements [Member]		
Composition of property and equipment		
Property, Plant and Equipment, Gross, Total	$ 138	$ 138

Stock Based Compensation (Details) (USD $)	9 Months Ended	
	Nov. 30, 2012	Nov. 30, 2011
Summary of fair value of the Company's stock options granted		
Expected life (1)	P6Y	P5Y9M18D
Expected volatility (2)	165.00%	168.00%
Risk-free interest rate (3)	0.80%	1.10%
Expected dividends		